

Message Text

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ORIGIN ARA-10

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TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 INR-07

NSAE-00 INRE-00 NSCE-00 SSO-00 L-02 FEA-01 COME-00

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E:RMORRIS

B/ORF - MR. KATZ

S/S-O: LMATTESON

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FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA IMMEDIATE

INFO AMCONSUL RIO DE JANEIRO IMMEDIATE

S E C R E T STATE 075016

E.O. 11652:GDS

TAGS:ENRG, BR

SUBJECT:PRODUCER/CONSUMER PREPCON

1. AT EARLIEST OPPORTUNITY AND PRIOR TO DEPARTURE BRAZILIAN DELEGATION FOR PREPCON, YOU SHOULD SEEK APPOINTMENT WITH FONMIN SILVEIRA OR OTHER APPROPRIATE GOB OFFICIAL TO CONVEY OUR VIEWS AND TO DISCUSS WHAT WE SEE AS CONTRIBUTING TO SUCCESSFUL CONFERENCE.

2. ALTHOUGH THERE ARE OBVIOUS REMAINING DIFFERENCES BETWEEN THE INTERESTS OF CONSUMERS AND PRODUCERS ON ENERGY MATTERS, WE ARE ENCOURAGED THAT IN RECENT MONTHS THERE HAS BEEN AN INCREASING CONVERGENCE ON BROAD PRINCIPLES.

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B. SEVERAL POINTS IN OPEC "SOLEMN DECLARATION OF PRINCIPLE" HAVE SOME RELATIONSHIP TO SECRETARY KISSINGER'S FIVE BASIC PRINCIPLES WHICH WERE PRESENTED IN HIS FEBRUARY 24 SPEECH. WE SEE THAT THERE IS GENERAL AGREEMENT ON THE NEED FOR ACHIEVEMENT OF THE LEGITIMATE NEEDS OF THE PRODUCING COUNTRIES, THE INTERDEPENDENCE OF THE WORLD ECONOMIES, THE NEED FOR CONSERVATION OF ENERGY RESOURCES, AND CONCERN FOR THE PLIGHT OF THE DEVELOPING COUNTRIES.

4. WE HOPE AS WE MOVE AHEAD TOWARD THE CONFERENCE THAT WE CAN TOGETHER BUILD ON THESE PRINCIPLES TO OUR RESPECTIVE BENEFIT. SECRETARY KISSINGER STATED IN HIS PRESS CONFERENCE MARCH 26:

5. QUOTE: WE BELIEVE THAT THE CONSUMER-PRODUCER CONFERENCE IS BEING CONDUCTED IN THE INTERESTS OF BOTH SIDES FOR THE COMMON BENEFIT, FOR THE INTEREST OF A DEVELOPING AND THRIVING WORLD ECONOMY, WHICH IS IN THE INTEREST OF PRODUCERS AS WELL AS CONSUMERS AND SHOULD NOT BE TIED TO THE SITUATION IN THE MIDDLE EAST. THEREFORE, WE ARE PROCEEDING WITH OUR PREPARATIONS FOR THE CONSUMER-PRODUCER CONFERENCE, AND PROGRESS IS BEING MADE IN THAT DIRECTION, AND WE FIND IT ESSENTIALLY ON SCHEDULE. END QUOTE.

6. IN CONSONANCE WITH OUR EXTREMELY CLOSE BILATERAL RELATIONS AND MUTUALITY OF INTERESTS IN MANY FIELDS, WE HOPE TO WORK CLOSELY WITH THE BRAZILIAN DELEGATION TO ENSURE A POSITIVE CONCLUSION TO THE PREPARATORY MEETING.

7. IN OUR VIEW, A USEFUL MEETING WILL REQUIRE THAT THE ATTENDEES CLEARLY VIEW THE PARIS SESSION AS PREPARATORY WITH THE ONLY PURPOSE BEING TO AGREE ON THE AGENDA AND OTHER PROCEDURAL MATTERS. IF DELEGATIONS ATTEMPT TO OPEN DEBATE ON THE BASIC SUBSTANTIVE ISSUES, THERE IS REAL POSSIBILITY THE SESSION WILL BOG DOWN FRUITLESSLY.

8. AS WE SEE IT, PREPCON IS BEGINNING OF A PROCESS WHICH WILL GIVE US A BETTER BASIS FOR RELATING TO EACH OTHER ON ISSUES OF MUTUAL CONCERN. TO AVOID MISUNDERSTANDINGS, WE WOULD LIKE TO SET FORTH TO GOB OUR HOPES FOR THE PREPCON WHICH WE HOPE BRAZIL COULD SUPPORT: (A) AN AGENDA
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WHICH COVERS SHORT-TERM FINANCIAL FLOWS, INDUSTRIALIZATION OF PRODUCER ECONOMIES, AID TO LDC'S, INWARD INVESTMENT, AND PRICING AND SECURITY OF SUPPLY; (B) RECOGNITION OF NEED FOR DIALOGUE ON OTHER RAW MATERIALS BUT MAINTAINING FOCUS OF THIS CONFERENCE ON ENERGY AND LEAVING OTHER COMMODITIES FOR DISCUSSION IN MORE APPROPRIATE FORUMS SUCH AS FORTHCOMING UNGA SPECIAL SESSION; (C) HOLDING PARTICIPATION IN PRODUCER/CONSUMER CONFERENCE TO MANAGE-

ABLE PROPORTIONS SO THAT IT DOES NOT DETERIORATE INTO A
CIRCUS; (D) A NEUTRAL SITE FOR FUTURE CONFERENCE; AND
(E) AGREEING IN PRINCIPLE THAT CONFERENCE SHOULD BE HELD
AS SOON AS PRACTICABLE BUT LEAVING ACTUAL DATE OPEN TO
ENSURE THAT WE ARE ALL ADEQUATELY PREPARED. KISSINGER

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